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## Increasing the economic value of reservoir water use: Experience and lessons from the Yali Reservoir in Vietnam

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**Session: Multiple Use System**



THE YALI RESERVOIR, A TRANSBOUNDARY RESERVOIR LOCATED ACROSS 2 PROVINCES OF VIETNAM (PHOTO BY RANDOLPH BARKER)

### **Key Message**

Allocation of water during water shortages is an important decision, which not only needs to be better coordinated across the possible multiple water users within any given legal jurisdiction, but needs to be better coordinated across provincial jurisdictions in the case of the Yali Reservoir, a transboundary reservoir located across 2 provinces of Vietnam – Kon Tum and Gia Lai provinces. Such decision must also be based on clear allocation criteria including economic criteria with the aim of optimizing the economic value of the water resources, including its use and non-use values.

## **Summary**

The Yali Reservoir, in Central Vietnam, is located in a trans-boundary watershed across the Kom Tum and Gia Lai provinces. Water allocation decisions made independently by these two provinces thus impact water use in the basin and consequently water flow into the reservoir. In a context of water abundance, water use by different sectors is non-competitive and does not necessarily warrant careful and clear planning and allocation. However, moving to a context of increasing water scarcity (as a result of both increasing demand and changes in rainfall patterns—as illustrated by the 1/100 year drought in the geographical area of the Yali Reservoir in 2009-2010), the allocation of water across multiple users becomes an important decision made by policy-makers. Water in the reservoir is exclusively managed for purpose of hydropower production by the Yali Hydropower Company (Electricity of Vietnam), thus limiting the potential multiple-use benefits of the reservoir water. The project assesses the economic benefits of multiple-use of reservoir water. It aims to provide decision-makers with information pertaining to the value of water in the reservoir and to consider alternative allocation scenarios with the aim of maximizing its benefits across multiple sectors. Preliminary findings indicate that multiple-use of the water of the reservoir would provide not only greater economic benefits in aggregate, but would also entail a more equitable distribution of these benefits in favor of local rural communities.